

AFFIDAVIT

I, Jerry L. Johnson, being first duly sworn, deposes and states that:

1. I am Vice President - Network and Technology Services, for U S WEST Communications, Inc. In 1993, I was the officer responsible for the maintenance operations of U S WEST Communications network services.

2. In early 1993, U S WEST Communications discovered that certain provisions of the Communications Act of 1934, as amended, were, in

FCC receives our compliance reports

U S WEST files quarterly and annual reports to the FCC attesting to compliance with these requirements and affirming that it has conducted business in a nondiscriminatory manner. On a quarterly basis, U S WEST tracks and reports installation due date performances on orders for internal and external providers. Also, a U S WEST Communications officer signs annual affidavits filed with the FCC attesting that no discrimination has occurred in the provision, installation or quality of service.

Case studies of No Preferential Treatment

Cindy, who sells U S WEST voice messaging, places an order for additional business lines. Cindy's order is received and entered into the computer system, which is programmed to set intervals for services. Cindy phones an employee/friend who is responsible for scheduling the installation and asks that her order be "bumped" to the top of the list, ahead of other orders. Cindy's request is inappropriate and denied by the scheduler, who knows that no preferential treatment should be provided U S WEST's own brand of enhanced services (and customer premises equipment).

U S WEST installer Joseph is installing an additional line for a second FAX machine for a customer who

thinks that U S WEST Never Busy FAX service might reduce complaints about his FAX always being busy. The customer tells installer Joseph that if he can see about adding the call forwarding required for the Never Busy FAX service—even though that is not on the installer's order—the customer will call U S WEST to order the rest. Currently, there is no order to install call forwarding on the customer's line. By his asking to have it installed now, the time period is shorter than the normal installation interval. For a moment, the U S WEST installer thinks about calling a friend inside U S WEST who has access and can provision the call forwarding right now. But he remembers ONA Principle 2 concerning No Preferential Treatment. He politely tells the customer that he cannot obtain the call forwarding for the customer on an accelerated basis and that the customer must go through the usual channels.

Checklist for Principle 2: Nondiscriminatory Provisioning and Maintenance

- ☐ Service representatives, installers, schedulers and sales personnel are examples of employees who need to pay particular attention to this principle.
- ☐ Service equality on provisioning, installation, repair.
- ☐ Standardized hardware, software interfaces made available that are identical to those used by U S WEST's enhanced services.
- ☐ Quarterly, annual reports to the FCC.
- ☐ Use standard intervals and due dates.
- ☐ If you have questions, contact a U S WEST ONA resource (see Section IV, pages 36–37).

Notes for reference and discussion

Quiz for Principle 2

No Preferential Treatment

1 What does "no preferential treatment" mean?

2 What do you think is the overriding mandate from Principle 2?

3 Why does the FCC require U S WEST (and other RBOCs) to comply with Principle 2? What's the meaning behind the rule?

4 What is the purpose of the Vendor Services Center?

5 How does the FCC know that U S WEST and its employees are complying with Principle 2?

6 In terms of hardware and software, how can U S WEST ensure that it complies with Principle 2?

Principle 3 Information Control.

According to FCC rules, customers have the right to control access to information about the telephone network services they use.

Customers can decide whether or not they want U S WEST employees who sell enhanced services and customer premises equipment or external providers to have access to their local telephone service records.

Information control

The Customer Proprietary Network Information (CPNI) principle grew from the RBOCs' having had access to customer records. Competitors were concerned that they were denied access to this information.

In the normal course of providing basic telephone services, U S WEST collects information about its customers, such as how many lines and what types of services these customers have, where the customers are located, billing data, calling patterns and repair records.

This rule allows the customer to choose which service providers can access U S WEST record information about them.

Customers can elect to release or withhold CPNI from U S WEST enhanced services or CPE personnel, or request U S WEST to release it to outside providers of enhanced services or CPE.

The FCC resolved this access issue with a compromise that automatically restricts the records of business customers with more than 20 lines. The records of business customers with 20 or fewer lines and those of residential customers are not automatically restricted. These customers still have the right to restrict record information about them if they so choose.

Reasons behind Principle 3

Because U S WEST still is viewed as controlling the local exchange business, the FCC requires that U S WEST not use the information it collects in the normal course of providing utility service to gain an unfair

competitive advantage in other areas. The FCC made certain customer information "off limits" to U S WEST personnel who sell enhanced services or customer premises equipment. This rule also serves as a model to ensure reasonable customer privacy. U S WEST is obligated to notify business customers on an annual basis about their customer record information rights.

Following is a partial list of customer information which is classified as customer-specific CPNI:

- Type of network services
- Quantity of network services
- Location of network service
- Billing information
- Repair information
- Traffic studies
- Usage data
- Customer calling data

The following, however, does NOT fall within the CPNI definition:

- Customer name
- Customer address
- Phone number
- Credit information

Of course, in order to provide good service, U S WEST network personnel have access to repair and other information, but they may not share CPNI with enhanced services and customer premises equipment marketing and sales personnel if the customer has restricted it.

*Note to U S WEST employee: Failure to comply with Principle 3, Information Control, can result in dismissal and potentially grave injury to U S WEST's business operations.

Restricted Customer Information Messages

PCNSA
Account Restricted from both ONA/CPE

PCARS
Account Restricted. This customer has elected to restrict their account from CPE and ONA personnel. Refer any inquiries to the person to Network.

PCORE
Account Restricted from ONA/CPE personnel. Refer to Network.

PCOLAR
Account Restricted from ONA/CPE personnel. Refer to Network.

PCONAR
CPE Access Denied. ONA Restricted Account. Please Delete Negotiation.

PCOPAD
Account Restricted from ONA/CPE personnel. Refer to Network.

PCOPAD MI
Account Restricted from ONA/CPE personnel. Refer to Network.

PCP ONA/CPE

-This PCL code may be seen by NETWORK-ONLY personnel
PCL stands for Proprietary Classification and is a field identifier (FID) on the customer's record.

Restrictions governing business accounts

Unless a business customer with 20 or fewer lines has restricted U S WEST from access for such a purpose, U S WEST Communications personnel may have access to the Customer Proprietary Network Information during enhanced services sales contacts. If a business customer has 21 or more lines, however, there must be written authorization for access to such customer-specific CPNI.

The rule is different for customer premises equipment personnel: The FCC does not mandate that CPE personnel be denied access to information about customers with 21 or more lines, even though there is no written consent. Rather, access to CPNI is permitted with respect to all customers, regardless of numbers of lines, unless the customer requests the records be restricted.

All customers may choose to withhold their customer-specific Customer Proprietary Network Information (CPNI) from any or all enhanced services and customer premises equipment personnel. Such withheld information is called "restricted CPNI."

In addition to limiting access to customer-specific CPNI, U S WEST does not allow enhanced services sales personnel to access the "call-forwarded to num-

ber" of its customers who subscribe to call forwarding services. The reason for withholding this access is because customers may forward calls to competing telephone answering services.

Collective information, or Aggregated CPNI

Aggregated CPNI" is customer record information which U S WEST has collated and combined in such a way that individual customers cannot be identified. This information is available to enhanced services and CPE competitors free of charge for planning their service.

The five types of information that U S WEST makes available to competitors free of charge, are:

- 1 Number of business and residential lines.
- 2 Average minutes of use.
- 3 Average call duration.
- 4 Touch-Tone penetration.
- 5 Average number of messages.

U S WEST's enhanced services or CPE employees can request "aggregated CPNI" through U S WEST CPNI coordinators. (For a list of these coordinators, see Section IV, page 36.) Outside companies request this information through U S WEST's Vendor Services Center.

Enhanced Services and CPE personnel

U S WEST personnel who market enhanced services and customer premises equipment may not access restricted Customer Proprietary Network Information (CPNI). And, if you're a U S WEST employee with access to that restricted CPNI information, you cannot share it with those employees within U S WEST not entitled to it.

U S WEST personnel who market enhanced services and customer premises equipment can access any customer information not restricted. This can include administrative and management reports and aggregated

CPNI listed in the Interconnections Database (ICONN) and approved by the U S WEST CPNI compliance manager.

U S WEST personnel in enhanced services and customer premises equipment also can use customer-specific information purchased from outside sources, such as Bellcore, or a marketing consulting firm. You merely cannot access information generated by U S WEST operations described by the FCC as CPNI. And, of course, you always can ask the customer directly for information.

U S WEST personnel in enhanced services and customer premises equipment who are involved with the sale or marketing of these services must honor all restrictions barring employees from customer records in U S WEST systems with mechanized security (for example, BOSS, CARS, SOLAR, SONAR, SOPAD, and CORD). And, you must not ask colleagues for restricted information. Guidelines for access to CPNI are found in Regional Policy and Procedure 1005.

More rules to remember about Information Control

You may not generate or use marketing lists containing customers who have restricted their CPNI or have unlisted or non-published numbers in order to sell enhanced services or customer premises equipment (e.g., a list of all customers who subscribe to a network service which make them good prospects for an enhanced service).

Enhanced services and CPE personnel must not request copies of customer service records, bills, repair records or traffic study information on restricted CPNI accounts.

If a customer with a restricted CPNI calls with a service problem, refer that customer to a service representative who does not sell enhanced services or customer premises equipment and has authorized access to the customer's record.

Computer system security has been established as a safeguard. You must not circumvent system security.

Case studies of Information Control

Jane is a U S WEST network employee on loan from her normal "network services only" responsibilities to a group that sells enhanced services, but the group is restricted from access to certain customer information. Because Jane is working in an area of restricted customer information, her system password and user ID must be changed so she does not have access to that restricted information. When she returns to her "network only" responsibilities, she again will have her unrestricted system password and user ID.

Susan is a "network only" representative for U S WEST and takes a customer repair call. Although she's "network only," she thinks it might be a good idea to talk about U S WEST's enhanced services on the repair call, even though her "network only" designation states she is not involved in marketing enhanced services. She checks with her supervisor and is told that she is prohibited from talking about enhanced services to a repair customer because of Information Control requirements. As a "network only" person, Susan may not sell or market enhanced services to anyone, whether or not their CPNI has been restricted.

Miles is a representative authorized to sell U S WEST enhanced services and receives a call from a customer seeking Voice Messaging. When Miles calls up the customer's record, the computer screen contains a message that indicates the account is restricted, meaning that the record information about the customer is restricted to anyone in U S WEST who develops, markets or sells enhanced services or customer premises equipment. When he sees the message, Miles, who is familiar with Information Control, takes the necessary steps. First, he asks the customer if she'd like to remove the restriction. She agrees. Then, Miles mails or faxes the appropriate forms to the customer. Once he receives the customer's written permission, Miles is authorized to have access to the customer's records and completes the order.

Guidelines to Principle 3: Information Control

- ☐ Service Representatives, Market Managers, Product Managers and Product Developers are examples of employees who need to pay particular attention to this principle.
- ☐ Because of FCC rules, customers have the right to control access to record information about them.
- ☐ Information Control principle governs Customer Proprietary Network Information (CPNI).
- ☐ U S WEST employees may not share restricted customer information with U S WEST personnel not authorized to see it.
- ☐ Some information—name, address, number, credit information—is not considered CPNI.
- ☐ U S WEST's enhanced services and CPE information is proprietary, and should not be disclosed to external providers of these services.
- ☐ Access by enhanced services personnel to CPNI of businesses with 20 or fewer lines is permitted, unless specifically restricted by the customer.
- ☐ Access by enhanced services personnel to CPNI of businesses with 21 or more lines requires prior written authorization.
- ☐ Enhanced services sales personnel may not access "call-forwarded" numbers.
- ☐ "Aggregated CPNI" must be made available to U S WEST competitors.
- ☐ "Aggregated CPNI" currently includes number of business and residential lines, average minutes of use, average duration of call, Touch-Tone penetration, average number of messages.
- ☐ U S WEST enhanced services and CPE personnel request "aggregated CPNI" through CPNI coordinators (see Section IV, page 36).
- ☐ U S WEST employees allowed access to CPNI information must not share restricted information with other U S WEST employees prohibited access.
- ☐ U S WEST employees may not generate or use lists from customers who have restricted CPNI, or have unlisted or non-published numbers, to sell enhanced services or CPE.
- ☐ If there are questions, contact a U S WEST ONA resource person (see Section IV, pages 36-37).

Notes for reference and discussion

Quiz for Principle 3**Information Control**

1 What is the underlying concept of Principle 3?

2 What is the purpose behind the FCC's enactment of Principle 3?

3 What kinds of information fall within Customer Proprietary Network Information (CPNI)?

4 Why are enhanced services sales personnel restricted from accessing the "call-forwarded to number" of customers?

5 What is "aggregated CPNI?"

6 List three of the five types of "aggregated CPNI."

Principle 4 Advance Disclosure.

When U S WEST decides to deploy a new product which relies on a new basic network interface or requires a change to an existing network interface, we must make timely disclosure to the public and all other providers of enhanced services and customer premises equipment.

Timely disclosure

Principle 4, Advance Disclosure, requires that U S WEST inform, in a timely manner, all interested parties if we decide to make any changes to the network that may affect customers and that we do so at a specific, critical point in the decision-making process. There are critical steps and time frames for Advance Disclosure, discussed below.

Reasons for Advance Disclosure*

Because our competitors rely on U S WEST's network to run their businesses, disclosure of network changes protects our competitors and enables them to serve their customers. This rule safeguards the provision of basic services to competing enhanced services and customer premises equipment providers.

Any decision by U S WEST to procure either hardware or software for any service relying on the new or modified network interface also triggers disclosure.

When Disclosure Must Take Place

When U S WEST commits to making a change that will affect competitors using our network, disclosure must occur. The FCC calls this the "make/buy" point. It occurs when we make a corporate decision to spend money to purchase equipment, or change or add a network interface. And it means we intend to introduce a new product or service that requires a change in the basic network. We're at the "make/buy" point (although the MFJ prohibits manufacturing) when there is:

- Documentation of funding
- Signed business plan
- Signed planning document
- Customer contract
- Signed commitment by a department head

U S WEST COMMUNICATIONS

Open Network Architecture News December 23, 1994

SOUTH DAKOTA IS TO RECEIVE CLASS SERVICES

PRODUCT INFORMATION

CLASS is the name of a family of custom calling services designed to add features to call handling. The CLASS services offered with this filing include:

- Selective Call Forwarding
- Call Repression
- Priority Call
- Call Transfer

U S WEST COMMUNICATIONS

NETWORK DISCLOSURE NEWS No. 19

Custom Local Area Signaling Services (CLASS) Features UPDATE 10/24/94

REVISION TO NETWORK DISCLOSURE NEWS #166

Disclosure Date: U S WEST originally disclosed interface specifications for Calling Number Delivery 2/1/90, and Calling Name Delivery 9/4/90

Summary: This revision provides an update to the locations where U S WEST plans to deploy the following CLASS feature interfaces:

*Note to U S WEST employees: Failure to comply with Principle 4, Advance Disclosure, can result in dismissal and potentially grave injury to U S WEST's business operations.

The six-month rule

At a minimum of at least SIX MONTHS before market trial or product deployment, U S WEST is required to disclose a number of relevant facts concerning changes to the network interface:

- Technical nature of the change
- Locations of the change
- Any other pertinent information

U S WEST must not introduce a service that relies on the new interface for at least six months after network disclosure is made. Also, these changes to the network interfaces must be disclosed to interexchange carriers and other customers.

Case study of Timely Disclosure

Product manager Martha is excited about a new service being developed, and consults with both the U S WEST network planner and network disclosure coordinator about the innovation. The conclusion is that in order for the service to work as envisioned, a change to an existing network interface will be required. The change under consideration applies to a network interface used by many customers and manufacturers who make equipment that works with the interface. Although enthusiastic, Martha incorporates the six-month disclosure in her project's timeline. If U S WEST were to develop and deploy a new or changed interface without informing the industry and adhering to required timelines, it's possible no one out-

side U S WEST would be able to properly connect and use the service. Manufacturers need a certain amount of time to make changes and test their interface boards, etc., to ensure that they work properly. The six-month time period was chosen to give the industry and equipment manufacturers time to make necessary adjustments to be able to continue to support interfaces to the network.



Checklist for Principle 4: Timely Disclosure

- ☐ Product Managers, Product Developers and Network Planners are examples of employees who need to pay particular attention to this principle.
- ☐ New products or services affecting the basic network must be disclosed.
- ☐ Disclosure must be made in a timely fashion.
- ☐ A concrete decision about a new product or service starts the Timely Disclosure clock ticking.
- ☐ A minimum of six months before market trial or product deployment is required.
- ☐ Business and marketing plans must incorporate sufficient disclosure time.
- ☐ Disclosure is to all customers affected, competitors, and the industry.
- ☐ If there are questions, contact a U S WEST ONA resource (see Section IV, pages 36-37).

Notes for reference and discussion

Quiz for Principle 4**Advance Disclosure**

1 What is the underlying concept of Principle 4?

2 How does the basic network come into play concerning U S WEST's compliance with Principle 4?

3 How are new products and services affected by Principle 4?

4 What is the reason for Principle 4?

5 Define "make/buy" point.

6 What is the "six-month rule?"

Principle 5 No Subsidization.

U S WEST will not subsidize our enhanced services and customer premises equipment businesses with revenues from basic service ratepayers.

Application of Principle 5

No Subsidization applies to transactions between "Communications" and affiliates. All U S WEST employees—from product managers to installation technicians—must track and account for all costs and expenses incurred as part of the planning and provisioning of enhanced services and customer premises equipment (including time reporting for those employees in time-reporting positions).

In order to comply with this principle, we must ensure that all expenses and investment associated with our enhanced services and customer premises equipment are properly assigned to deregulated accounts.

Principle 5 also applies to any transactions between U S WEST Communications and its affiliates—meaning all U S WEST companies and subsidiaries.

Our tracking and accounting for time and costs are reviewed annually by independent auditors, who decide how well U S WEST and its employees have kept our businesses separate and protected our basic services, thereby complying with the requirement of No Subsidization of enhanced services and customer premises equipment businesses with revenues from our basic service ratepayers.

Reasons for No Subsidization*

Concerned with the possibility of cross-subsidies, the FCC does not want regional telephone companies to use revenues from their regulated basic telephone services to subsidize nonregulated services, such as enhanced services and customer premises equipment. Cross-subsidy occurs when costs for those services are paid for by ratepayers through higher rates than would have been the case if the deregulated product or service were not offered.

Originally, the FCC instructed U S WEST to maintain enhanced services and customer premises equipment operations through subsidiaries. These proved inefficient and unproductive, and the FCC permitted us to serve our customers better by developing a set of accounting rules for us.

Briefly, these accounting rules, called Part 64 and Part 32, often are referred to as "Part X." Part 64 deals with deregulated operations within U S WEST Communications. Part 32 concerns transactions between U S WEST Communications and other U S WEST affiliates. These accounting rules keep U S WEST's regulated and unregulated businesses separated by allocating revenues, expenses and investments between regulated and nonregulated services.

For accounting purposes only, we think of our regulated services as basic network services and ONA basic services. The FCC considers our enhanced services, customer premises equipment and inside wire to be non-regulated.

*Note to U S WEST employee: Failure to comply with Principle 5, No Subsidization, can result in dismissal and potentially grave injury to U S WEST's business operations.

Persons covered by Accounting Rules Part 64 and Part 32

US WEST employees who work in any manner with enhanced services and customer premises equipment—from planning to repair—probably fall within the rules governing accounting and time-tracking of Part 64. These rules affect the following areas:

- Time reporting—begins when planning starts
- Overhead—nonregulated products must pay their share of our costs
- Business case analysis and filing new products in the Cost Allocation Manual
- Transactions and asset transfers

Product managers or developers should immediately review ideas for new products with their Part 64 accounting representative, who will help outline the requisite accounting steps. Please note that these accounting rules apply once a product team begins planning and continues through deployment of the product.

Finally, if you have dealings with any other member of the U S WEST family (for example, MRG) you must be aware that Part 32 requires proper payment whenever a service is performed for, or an asset transferred to, such a subsidiary.

Daily time reporting

Under the No Subsidization principle, many employees are required to track and report any time and expenses spent on enhanced services and customer premises equipment, beginning with the initial planning and continuing through deployment. For example, daily time reports maintained by technicians are critical to compliance with Part 64. However, some organizations in U S WEST have a process for calculating collective time spent by employees on these services and the employees are not required to track daily activities. In any event, if you're not certain how this requirement applies to you, check with your supervisor.

Business case analysis

US WEST employees in charge of business plans and financial analysis should allow time to file the necessary Cost Allocation Manual changes with the FCC before introduction of a service. Also, product managers should use Fully Distributed Costs as they analyze enhanced services for profitability. Be certain to work with your Part 64 representative to ensure the proper profitability analysis is performed.

Transactions and asset transfers

Part 32 accounting applies to all transactions occurring between U S WEST Communications and its subsidiaries. Part 32 also applies to transactions with other affiliates, such as BRI or Marketing Resources Group. Similar rules also apply to the transfer of intellectual property and other assets. For more information, contact your accounting representative or refer to Regional Policy and Procedures 1130, Section 3, FCC Rules and Part 64 Regulations.

Case study of No Subsidization

Max, a U S WEST employee on a regulated payroll, is assigned a project involving an enhanced service. Max knows that he must keep track of his time and report how much of it is spent on the project. He realizes that if he does not consistently code his time to the project, all expenses associated with development and deployment of the new service will be inaccurate. Also, the cost to develop the service will be artificially low and provide U S WEST with an unfair advantage. Because Max is on a regulated payroll, which is supported by basic ratepayers, if Max failed to keep careful track the ratepayers would have subsidized the enhanced service project.

✓ Checklist for Principle 5 No Subsidization

- ☐ Product Managers, Product Developers, installers are examples of employees who need to pay particular attention to this principle.
- ☐ No subsidization of enhanced services and customer premises equipment businesses with revenues from basic ratepayers.
- ☐ FCC accounting rules for tracking costs must be followed.
- ☐ Check to see how the rules apply to you individually.
- ☐ The rules apply to time, overhead, business case analysis, transactions, asset transfers.

Notes for reference and discussion

Quiz for Principle 5

No Subordination

1 What is the basic premise of Principle 5?

2 Why did the FCC impose Principle 5?

3 In order to comply with Principle 5, what must U S WEST and its employees monitor?

4 With what revenues is Principle 5 most concerned?

5 What areas does Accounting Rules Part 64 cover? Name two.

6 What area is Part 32 accounting concerned with?

ONA Product Rules for Product Managers and Developers

If the basic network product you develop or manage is used as a "building block" to provide an enhanced service, your product is subject to ONA rules. Also, if a product requires a new or modified interface with U S WEST's network, you may need to allow time for formal network disclosure. And, if your product is considered an ONA service, you must follow the industry notification guidelines (see "Timeline" on page 30). Plus, if you are developing a new basic service that will be subject to ONA, the product rules discussed below may be helpful.

If you are involved in marketing enhanced services or customer premises equipment, you must be aware that several applications of the ONA rules apply. Your responsibilities may include Part 64 Time Reporting, providing details about how you will use the basic network to provide your enhanced product, restrictions on customer record information, network disclosure and updating U S WEST's Cost Allocation Manual.

Critics also are afraid that U S WEST will use its marketing position to influence customers to purchase enhanced services and equipment from U S WEST. We cannot require customers to buy certain products/services in order to obtain others (a process known as "bundling"). e.g., buy U S WEST voice messaging service in order to be able to have local exchange service.

It is important you understand the application of ONA's principles in terms of your responsibilities.

Following is a summary governing rules for ONA products, along with a schedule of the "Timeline" for new basic and enhanced services. For targeted training, please contact your Compliance Manager.

Equal Terms and Conditions

- Any ONA service used for a U S WEST enhanced service must be made available to all other enhanced services providers on equal terms and conditions. Equal terms and conditions apply to price, installation and maintenance intervals, availability and functions of the service. Advance notice requirements also apply.
- All ONA services must be available to all enhanced services providers under a tariff, price list or catalog. U S WEST enhanced services operations using ONA services will be charged or imputed the tariffed rate for those services.
- U S WEST may not alter deployment schedules for Basic Service Elements to provide U S WEST with a competitive advantage in deploying a U S WEST enhanced service.
- U S WEST enhanced services operations may use only those ONA services that are available to all other enhanced services providers (i.e., they are listed as ONA services and outlined in CEI plans filed with and approved by the FCC).
- U S WEST must apply price parity to distance-sensitive transmission services used by enhanced service providers. If a U S WEST enhanced service collocates its equipment in the central office, our enhanced service must be charged as if the equipment is located two miles from the central office. This "Two Mile Rule" applies only to U S WEST enhanced services collocated in the central office and using distance-sensitive transmission services.
- Basic network features (Basic Service Elements and Complementary Network Service) must be available for resale by enhanced services providers to their customers. However, the ability to resell a Basic Service Element does not guarantee the right to resell the underlying transport service (BSA).

"Unbundling"

- A U S WEST enhanced service operation must not use packaged basic network features as part of its enhanced services offering (where the package includes a discount).
- Basic Service Elements and Complementary Network Service must be "unbundled." That means they are not packaged but rather offered as individual network components at specific rates. (The unbundling requirement does not apply to Basic Serving Arrangements. However, U S WEST has been required to "unbundle" its interstate feature groups.)
- If an outside provider requests a basic network service that will be used for an enhanced service, U S WEST must provide it as an ONA service if the service meets the specific FCC criteria of utility, market demand, cost feasibility and technical feasibility. The ONA service request evaluation process must be completed within 120 days. Requests and information provided by an enhanced service provider are proprietary, and must not be shared with U S WEST enhanced services operations.

Trials

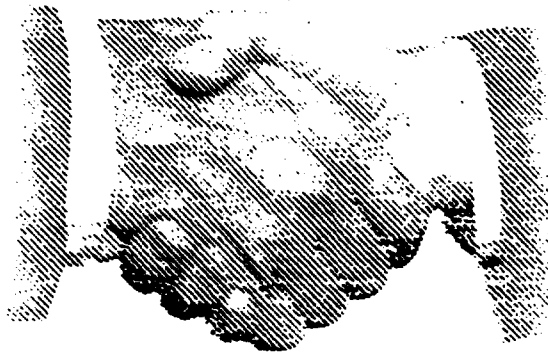
- Schedule time to train and prepare all channels for technical trials. Outside enhanced services providers may conduct technical trials of new ONA services at the same time.
- An ONA service must be available for compatibility testing (technical trials) by all outside providers of enhanced services in advance of its use by U S WEST in an enhanced services offering. The time frame for allowing a compatibility test begins when U S WEST files the tariff sheet for the new service. The compatibility test allows an external provider to "trial" the new service, even while U S WEST waits for state tariff approval. U S WEST cannot use that service in its offering until approval is granted. (Additional requirements for trials are in the Modification of Final Judgment/Civil Enforcement Consent Order.)

Disclosure

- If the new service requires a change to the network that may affect other providers of enhanced services or customer premises equipment, U S WEST must inform the enhanced services and customer premises equipment industry as soon as a decision is made to change the network. This notification must occur at least six months before deploying the service.
- U S WEST informs the industry through the ONA News (or by mail) about any new basic service that is to be used with an enhanced service at least three weeks before filing any state tariffs, price list or catalog. This product announcement includes description, price, technical references, interface requirements and deployment information.
- U S WEST informs the industry about new basic services through tariffs filed with the FCC and the various states, the ONA News, FCC CEI Plan amendments, the Interconnections Database and network disclosure outlets.
- ~~Product Managers and Product Developers should~~ be aware that any ONA service planned for use with a U S WEST enhanced service must be outlined in a CEI Plan or CEI Plan amendment, filed and approved by the FCC. Approval takes at least 90 days.

Timeline for New ONA and Enhanced Services

When	What	Who
When planning for new service begins	Contact attorney to determine if new service is basic or enhanced.	Product manager, product developer
	If enhanced, submit Enhanced Services Compliance Report to compliance manager.	Product manager, product developer
	If enhanced, contact the Part 64 accounting group to determine if a Cost Allocation Manual filing must be made with the FCC. This takes at least 60 days or more. Also, determine proper Part 64 accounting time and expenses. Contact ONA compliance manager for general compliance direction.	Product developer, Part 64 accounting group, compliance manager
Make/buy point	Notice to the public must be made at the time a decision is made to implement a new network interface or new service that relies on the interface. The disclosure should be made to the public when the decision is made (make/buy point) or 12 months before service introduction. However, if the decision to implement the network change doesn't offer that much lead time, the industry and public must be notified at least six months in advance of deployment. This applies to all network services deployed by U S WEST, regardless of ONA status.	Compliance manager, network disclosure coordinator, product manager
90 days before use by U S WEST	Notify enhanced services industry about new ONA service.	Product developer
	File CEI Plan with the FCC to identify new ONA service.*	FCC docket manager, product developer
60 days before use by U S WEST	Present enhanced services compliance plan to include Methods and Procedures to nondiscriminatory provisioning for review.	Product manager, Methods and Procedures team rep
3 weeks before filing state tariffs	If new ONA service is to be used for U S WEST enhanced service, announce testing of the new ONA service to industry through the <i>ONA News</i> .	Product manager, compliance manager, editor of <i>ONA News</i>
Varies by state	File state tariffs, receive approval.	Product manager, Regulatory Consultants, public policy manager
<p>*During C-III Remand proceedings, CEI plans must be filed with and approved by the FCC and will be used to identify all ONA Services used with a U S WEST enhanced service. Key ONA checkpoints are being incorporated into the PhaseGate process. When this is complete, you should refer to the updated PhaseGate information to help you understand where ONA fits into the overall development process.</p>		



Overview of ONA's 5 Principles for Sales Employees

Sales managers and the sales employees they supervise should be particularly aware of the requirements of ONA compliance because of the potential frequency with which ONA issues can arise.

Following are specifics that especially affect sales managers and employees.

- ◆ Customers seeking customized, or NEW basic network services should be referred to the Vendor Services Center.
- ◆ Network service cannot be expedited for any enhanced service provider over another—all competitors must be treated the same.
- ◆ Established guidelines for due dates for service orders and repair requests for basic network services used by U S WEST or other enhanced service providers must be followed.
- ◆ Sales personnel who sell enhanced services or customer premises equipment are prohibited from certain restricted Customer Proprietary Network Information. (For more detailed information on this ONA Principle, Information Control, see Section II, pages 16 to 20.)

Sales managers and employees with questions about how the FCC's rules on ONA apply should contact their department's compliance manager.

ONA Services

ONA services are defined as basic network services used to provide enhanced services. Product managers, product developers and pricing employees should be familiar with service regulations that apply to ONA basic network services. There are three categories of ONA basic network services:

- **Basic Serving Arrangements (BSAs)**, which are the actual network access connections between the enhanced services provider and the U S WEST central office. BSAs are purchased by the provider and used for basic transport.
- **Basic Service Elements (BSEs)**, which are the basic network functions and features. These central office features are purchased by the provider and used with BSAs to make the enhanced service work.
- **Complementary Network Services (CNSs)**, which are the basic network features or functions needed to work with an enhanced service. A CNS feature is provided on the end user's line. Although CNSs usually are purchased by the end user, an enhanced services provider may purchase and be billed for the CNSs on behalf of the end user.

How are services designated as "ONA?"

There are three situations that govern when a basic service needs to be designated as an ONA service.

- ① When the service will be used to provide a U S WEST enhanced service, it must be designated "ONA." If the enhanced service is offered on an integrated basis during the FCC interim waiver period, U S WEST is required to file a CEI Plan or CEI Plan amendment outlining the use of the basic service. The CEI Plan or amendment must be approved by the FCC before the service can be used with a U S WEST enhanced service.

- ② If U S WEST has a 120-day enhanced service provider request on file and the service meets this need, the service must be classified as "ONA." This process was developed to provide a channel for external enhanced service providers to request new capabilities in a "safe harbor" environment. These requests are coordinated through the Strategy Development ONA team. Each request is reviewed and analyzed in accordance with criteria defined by the FCC. These criteria are:

- Technical feasibility.
- Cost feasibility.
- Utility to the enhanced service provider.
- Sufficient market demand to warrant offering the service.

Even though this service request process was developed for external providers to request new capabilities, it also is used by U S WEST enhanced service operations. If the service meets all the FCC criteria listed above, U S WEST develops the service as an ONA service.

- ③ ~~If the service meets one of the original 118 national service requests it must be designated as an ONA service.~~ In the early ONA proceedings, capability requests were gathered by the RBOCs from the enhanced service industry. The resulting list is consulted when a new service becomes available to see if it meets any outstanding requests. If it meets a requested capability not yet fulfilled, the service is designated as an ONA service.

Current ONA Services

Following is a list of ONA services either available or pending as of Dec. 31, 1994. Not all services are available in every state. Updates on ONA services are published in the *ONA News*. For more information, contact your departmental compliance manager (see pages 36-37).

Basic Services (BSS)	Basic Services (BSS)	Complementary Network Services (CNS)
<p>Analog Private Line-D.C. Channel Service</p> <p>Analog Private Line-Low Speed Data Service</p> <p>Analog Private Line-Voice Grade Service</p> <p>Analog Private Line-Audio Service</p> <p>Analog Private Line-Video Service</p> <p>Digital Data Service-64kbps</p> <p>Digital Data Service-64kbps</p> <p>DS1 Service</p> <p>DS3 Service</p> <p>Packet Switching (x.25)</p> <p>Packet Switching (x.75)</p> <p>Voice Grade-Line-Circuit Switched</p> <p><i>Digital Switched Service-Basic</i></p> <p><i>Feature Group A Service</i></p> <p><i>Flat Rate Line</i></p> <p><i>Foreign Central Office Service</i></p> <p><i>Foreign Exchange Service</i></p> <p><i>ISDN Basic Rate Access (2B+D)</i></p> <p><i>Measured Rate Lines</i></p> <p><i>Message Rate Lines</i></p> <p><i>PBX Trunks</i></p> <p><i>Two-Way Trunk with DID (Analog)</i></p> <p>Semipublic and Shared Coin Lines</p> <p>Simultaneous Voice and Data</p> <p>Voice Grade-Trunk-Circuit Switched</p> <p><i>800 Service</i></p> <p><i>DID Service</i></p> <p><i>DID Switched Access Service</i></p> <p><i>Digital Switched Service-Advanced</i></p> <p><i>Feature Group B Service</i></p> <p><i>Feature Group D Service</i></p> <p><i>ISDN Primary Rate Access (23B+D)</i></p>	<p>Access Service Billing Information</p> <p>ANI Order Entry</p> <p>Alternate Traffic Routing</p> <p>Answer Supervision-Line Side</p> <p>Automatic Loop Transfer (Automatic Protection Switching)</p> <p>Automatic Number Identification (FGB)</p> <p>Automatic Number Identification (FGD)</p> <p>Backup/Redirection (Packet)</p> <p>Bridging</p> <p>CUG Incoming Access Barred (Packet)</p> <p>CUG Outgoing Access Barred (Packet)</p> <p>Call Transfer</p> <p>Call Transfer on DID</p> <p>Called Directory Number Delivery (DID)</p> <p>Caller Identification-Number</p> <p>Caller Identification-Bulk</p> <p>Clear Channel Capability</p> <p>Closed User Group (Packet)</p> <p>COMMAND A LINK</p> <p>DID Trunk Queuing and Basic Announcement</p>	<p>Abbreviated Access/Activation (1 or 2 Digit)</p> <p>Auto Call (packet)</p> <p>Call Forwarding-Busy Line</p> <p>Call Forwarding-Busy Line (Expanded)</p> <p>Call Forwarding-Busy Line (Programmable)</p> <p>Call Forwarding-Busy Line /Don't Answer</p> <p>Call Forwarding-Busy line/Don't Answer (Expanded)</p> <p>Call Forwarding-Don't Answer</p> <p>Call Forwarding-Don't Answer (Expandable)</p> <p>Call Forwarding-Don't Answer (Programmable)</p> <p>Call Forwarding-Variable</p> <p>Call Forwarding-Variable without Call Completion</p> <p>Call Forwarding-Variable Remote Activation</p> <p>Call Rejection</p> <p>Call Trace</p> <p>Call Waiting</p> <p>Continuous Redial</p> <p>Custom Ringing</p> <p>Custom Ringing-Call Forwarding</p>
	<p>Dial Call Waiting</p> <p>Directed Call Pickup</p> <p>Directed Call Pickup with Barge-In</p> <p>Distinctive Alert</p> <p>Fast Select Acceptance (Packet)</p> <p>Flow Control Parameters (Packet)</p> <p>Hunting</p> <p>Improved Transmission Performance</p> <p>Interface Group 6</p> <p>Logical Channel (Packet)</p> <p>Logical Channel Layout (Packet)</p> <p>Make Busy</p> <p>Market Expansion Line</p> <p>Message Delivery Service</p> <p>Message Delivery Service Interoffice</p> <p>Multiple Network Addresses (Packet)</p> <p>Multiple Port Hunt Group (Packet)</p> <p>Multiplexing</p> <p>Network Access Service (960)</p> <p>Nonstandard Window Size (Packet)</p> <p>Permanent Virtual Circuit (Packet)</p> <p>Private Line Conditioning</p> <p>Reverse Charge Acceptance (Packet)</p> <p>Reverse Charge Option (Packet)</p> <p>Secondary Channel</p> <p>Three-way calling</p> <p>Traffic Data Report Service</p> <p>Uniform Call Distribution</p>	<p>Expanded Answer</p> <p>FindMe™ Service</p> <p>Hot Line</p> <p>Last Call Return</p> <p>Message Waiting Indication-Audible</p> <p>Message Waiting Indication-Visual</p> <p>Message Waiting Indication-Audible-Visual</p> <p>Priority Call</p> <p>Remote Access Forwarding</p> <p>SCAN-ALERT</p> <p>Scheduled Forwarding</p> <p>Selective Call Forwarding</p> <p>Single Number Service</p> <p>Speed Calling (8 Number)</p> <p>Speed Calling (30 Number)</p> <p>Voice Dialing</p> <p>Warm Line</p>

All ONA services used by a U S WEST enhanced service must be outlined in CEI plans or amendments filed with and approved by the FCC during the interim waiver period.

Answers to Quizzes on ONA's 5 Principles

Principle 1

- ① Define the basic elements of Principle 1.
Equal Network Interconnection. That means that U S WEST will make the same basic services, at the same prices and on the same terms and conditions, available to all providers of enhanced services and customer premises equipment.
- ② What is meant by "enhanced services?"
Services that involve changing, storing or modifying the information on common carrier facilities.
- ③ List three examples of "enhanced services."
Voice messaging, FAX store and forward, On-line data base access.
- ④ What does "unbundled" mean?
A la carte, meaning the provider can order services or a specific feature without purchasing other unnecessary features.
- ⑤ What is meant by "basic services?"
These are the transport, features and functions and end user features also categorized as BSAs, BSEs and CNSs.

Principle 2

- ① What does "no preferential treatment" mean?
That U S WEST will provide the same quality, timeliness, repair and installation of basic network services to competitors as it does internally.
- ② What do you think is the overriding mandate from Principle 2?
Nondiscrimination in provisioning and maintenance.
- ③ Why does the FCC require U S WEST (and other RBOCs) to comply with Principle 2? What's the meaning behind the rule?
The rule ensures that U S WEST, which controls the telephone network, does not favor customers of its own services and equipment over customers of its competitors.

- ④ What is the purpose of the Vendor Services Center?
It's U S WEST's "safe harbor" and offers competitive providers of enhanced services and customer premises equipment the opportunity to conduct business through the center.
- ⑤ How does the FCC know that U S WEST and its employees are complying with Principle 2?
U S WEST files quarterly and annual reports attesting to its compliance.
- ⑥ In terms of hardware and software, how can U S WEST ensure that it complies with Principle 2?
U S WEST uses standardized hardware and software, which is made available to both internal and external enhanced services and customer premises equipment providers, so they can interconnect.

Principle 3

- ① ~~What is the underlying concept of Principle 3?~~
Customers have the right to control access to information about the telephone network services they use.
- ② What is the purpose behind the FCC's enactment of Principle 3?
Because U S WEST still is viewed as controlling the local exchange business, the FCC requires it to not use the information it collects in the normal course of business to gain an unfair competitive advantage.
- ③ What kinds of information fall within Customer Proprietary Network Information (CPNI)?
Billing amounts, repair information, traffic studies, usage data, calling patterns.
- ④ Why are enhanced services sales personnel restricted from accessing the "call-forwarded to number" of customers?
Because customers may forward calls to competing telephone answering services.
- ⑤ What is "aggregated CPNI?"
Customer information U S WEST has collectively combined to eliminate any possibility of being able to identify individual customers.

- ⑥ List three of the five types of "aggregated CPNI."
Number of business and residential lines; average minutes of use; average call duration. Others, Touch-Tone penetration, average number of messages.

Principle 4

- ① What is the underlying concept of Principle 4?
Advance, or timely, disclosure concerning a new basic network interface, or changes to an existing network interface.
- ② How does the basic network come into play concerning U S WEST's compliance with Principle 4?
Because U S WEST's competitors rely on the network to run their businesses, Advance Disclosure protects these competitors and enables them to serve their customers.
- ③ How are new products and services affected by Principle 4?
U S WEST's decision to deploy a new product or service, that relies on a new or changed interface requires timely disclosure to the public and all other providers of enhanced services and customer premises equipment.
- ④ What is the reason for Principle 4?
Advance Disclosure safeguards the provision of basic services to competing enhanced services and customer premises equipment providers.
- ⑤ Define "make/buy" point.
When U S WEST commits to making a change that will affect competitors using our network, disclosure must occur; the FCC calls this the "make/buy" point.
- ⑥ What is the "six-month rule?"
It's the time frame required, as a minimum, for disclosure of relevant facts concerning changes to the network interface, before U S WEST conducts a market trial or product deployment.

Principle 5

- ① What is the basic premise of Principle 5?
No subsidization of enhanced services and customer premises equipment businesses with basic ratepayer revenues.
- ② Why did the FCC impose Principle 5?
To prevent cross-subsidization by regional telephone companies of nonregulated services (enhanced services, customer premises equipment) by using revenues from regulated services.
- ③ In order to comply with Principle 5, what must U S WEST and its employees monitor?
Costs and expenses incurred as a result of planning and provisioning of enhanced services and customer premises equipment must be tracked and allocated properly.
- ④ With what revenues is Principle 5 most concerned?
Revenue from basic service ratepayers.
- ⑤ What areas does Accounting Rules Part 64 cover? Name two.
Time reporting; overhead. Also, business case analysis and filing of new products in the Cost Allocation Manual, plus transactions and asset transfers.
- ⑥ What area is Part 32 accounting concerned with?
Transactions between U S WEST Communications and its subsidiaries. Also, transactions with other affiliates.

If you have questions about ONA Contacts and Resources

ONA, CPE and Enhanced Services Specialists

Authorized Agent Program

Steve Egan

Enhanced Services Maintenance and Provisioning

Marv Retka

Network Disclosure Coordinator

Cindy Guv

Network Maintenance and Provisioning

Molly Martin

Nondiscriminatory Provisioning Customer

Interface Issues

Terry Shannon

ONA Compliance/Implementation Director

Sandra Sanchez

ONA Corporate Compliance Managers

Harry Mertz

~~Terry Shannon~~

Ivy Stevens

Sara Van Horne

ONA Industry Liaison

Don Radovich

ONA Product Managers

Bill Frommelt

Mike Goebel

Laurie Ihle

Donna Lee

Tommy Thompson

ONA Witness

Dick Seilinger

Part 64/32 Accounting

Business Case Support

Pat Lacy

Compliance Issues and Affiliated Interests

Bill Curtis

Vendor Services Center

Janet Laird

Central Region Consultants

Gary Chamoers

Don Geiswitz

Eastern Region Consultant

Rosemarie Wignall

Western Region Consultant

Bill Woodworth

CPNI Coordinators

INTERPRISE Networking Services

Liz Jensen

Business and Government Services

Paul Millen

Carrier/Information Provider

Richard Lewis

Finance

Dick Gutierrez

Information Technologies

Jerry Mayer

Mass Markets

Janet Brides

Network and Technology Services

Molly Martin

Operator and Information Services

~~Sue Dobson~~

Small Business Group

Public Services

Debi Adams

Vendor Services Center

Paul Millen

**Departmental ONA/CPE/Enhanced
Services Compliance Managers and
Trainers**
U S WEST Communications

INTERPRISE Networking Services

Liz Jensen

Business and Government Services/

Federal Services

Paul Matson

Darlene Maurer

Paul Millen

Sharon Gibson

Business and Government Services/

Carrier Delivery Centers

Jean Novak

Creative Services

Bill Benham

Exchange Carrier Services

Steva Cherry

Finance

Bill Gatton

Growth

Bill Barlet

Home and Personal Services

Dick McGrann

Human Resources

Judy Binder

Interexchange Carrier Services

Beth Johns

Legal/Risk Management

Sue-Ann Schnellmann

Network & Technology Services

Local Network Operations.

Mass Markets Operations

Molly Martin

Capacity Provisioning, Network

Programs and Operations

Roger Tolian

Operator and Information Services

Sue Dobson

Public Policy

Pete Garza

Public Services

Debi Adams

Small Business Group

Sales Channels

Debi Adams

Other SBG

Linda Brice

Strategy Development

Harry Mertz

Technologies

Kathy Duncan

Total Quality Systems

Karen Shreeve

Vendor Services Center

Janet Laird

U S WEST Affiliates

Business Resources, Inc.

Deborah Simpson

Marketing Resources Group

Diane Hammond

U S WEST Human Resources

Betsy Sturchio

U S WEST, Inc.

Bill Johnson

U S WEST Technologies

Kathy Duncan

CPE Rules Summary

Though the major focus of this booklet is compliance with the FCC's ONA rules and, generally, access to the network, the sale of customer premises equipment is governed by the same nonstructural safeguards that are applied to enhanced services. These common safeguards are:

- ◆ No Preferential Treatment
- ◆ Information Control
- ◆ Advance Disclosure
- ◆ No Subsidization

More detailed explanations of these safeguards appear in Section II of this booklet.

In order to market customer premises equipment ~~without having to form a separate subsidiary,~~

U S WEST established an Authorized Agency program. This program is in response to additional FCC and Department of Justice (DOJ) requirements.

The Authorized Agency program provides independent CPE vendors an opportunity to market their equipment jointly with Centron/Centrex and other U S WEST network services. The program is administered by the Agent and Consultant Marketing group in Business and Government Services/Federal Services Market Unit.

The Authorized Agency program addresses three major goals:

- ◆ Provide independent CPE vendors the opportunity to offer customers an integrated CPE/network services package on an efficient basis.
- ◆ To foster competition for U S WEST's CPE operations by ensuring that independent CPE vendors, as well as U S WEST, are able to offer "one-stop shopping" for both CPE and network services.
- ◆ To enable independent CPE vendors to have the ability to make integrated service offerings available to customers that U S WEST might choose not to provide to those customers.

Companies who wish to be part of this program apply ~~to become Agents for U S WEST. Agents are selected~~

according to several criteria, including sales and service capabilities, financial strength and market coverage.

Agents who apply and are selected to participate in this program receive comprehensive product and applications training provided by Agent and Consultant Marketing personnel.